

# News Release



U.S. Department of Labor  
Office of Public Affairs  
Washington, D.C.  
Release No. 05-378-NAT

For Immediate Release  
Date: March 9, 2005  
Contact: Gloria Della  
Phone: (202) 693-8664

## **Labor Department Proposes Rules To Help Workers In Abandoned 401(k) Plans**

**WASHINGTON --** Each year approximately 1,650 401(k) plans holding \$868 million in assets and covering 33,000 workers are abandoned. Today, the U. S. Department of Labor announced proposed rules to allow financial institutions to take responsibility for these plans and distribute the plans' assets to workers and their families.

"Thousands of workers who have been denied access to their retirement benefits through no fault of their own will benefit from our proposed rules," said Assistant Secretary of Labor Ann L. Combs. "Our proposal will empower financial institutions that hold plans' assets to help participants gain access to their retirement benefits."

The department currently deals with abandoned plans on a case-by-case basis, often with the involvement of the courts. The proposed rules provide standards for determining when a plan is abandoned and establishes a process for winding up the affairs of the plan and distributing benefits to workers. When implemented, the process would eliminate the need for costlier court approvals and allow workers to regain access to their benefits sooner. The proposal also provides guidance on the application of tax qualification rules to plans terminated under this regulation. The recommendations of the department's ERISA (Employee Retirement Income Security Act) Advisory Council contributed to the development of the proposed rules.

A fact sheet detailing the proposed rules can be found at [www.dol.gov/ebsa](http://www.dol.gov/ebsa). Public comments on the proposed rules should be submitted to the U.S. Department of Labor, Employee Benefits Security Administration, Room N-5669, 200 Constitution Ave., N.W., Washington, D.C. 20210, Attention: Abandoned Plan Regulation; or by email to [e-ORI@dol.gov](mailto:e-ORI@dol.gov). The proposed regulations and exemption are to be published in the March 10, 2005 *Federal Register*.

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